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## BEHIND THE SCENES OF NORWAY'S ROLE IN THE SECOND WORLD WAR.

THE NORWEGIAN-BRITISH  
TONNAGE AGREEMENT  
FROM 11<sup>TH</sup> NOVEMBER 1939.

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On the outbreak of the Second World War, Norway's merchant marine was the fourth largest in the world with its gross register tonnage of 4,8 million. It played substantial role in the state economy as it generated more than one third of the national income in the balance of payments. Yet, the conflict put the Norwegian sea transport in a difficult situation as it dependent on the two warring nations, i.e. Great Britain and Hitler's Third Reich. To make matters worse, any case of tipping the balance by the Norwegian fleet in a favour of any of the two belligerents might lead to the suspicion that Norway had departed from the policy of neutrality. Aware of its perplexing situation, the Norwegian government issued the *Provisional decree on the regulation of the conditions of charter during the war*, which effectively strengthened its control of the national merchant marine, thus laying sound foundation for a tonnage agreement with Great Britain which was eventually signed on November 1939. On the strength of this agreement, Norway placed 150 tankers at the disposal of the allies and paved the way for further agreements of this kind.

In order to defeat Great Britain during the Second World War, the Third Reich had to cross British communication lines, in which endeavor the main role was played by the Kriegsmarine, especially its U-boats. In this respect the geographical position of the various parts of the British Empire played a significant role because being located on continents separated by oceans necessitated the use of maritime communication. In

London, however, there was no doubt that the British merchant fleet would sooner or later be insufficient, resulting in supply shortages and, consequently, the economic crisis of the country. Therefore, almost immediately people started to look greedily at Norway, small, neutral but with huge sea freight.

In the summer of 1939 the Norwegian merchant fleet had 4 833 813 BRT<sup>1</sup> of tonnage and was classified in fourth place in the world, just after Britain, the United States and Japan (Steen 1959:111). From all the tonnage of Norway 260 (Skodvin 1990:26) units (of 2 000 000 BRT) (Christensen 1961:415) comprised tankers, useful in the war, most of which were modern and well equipped; as many as 65% of them were not even 10 years (Skodvin 1990:26) old before the outbreak of the war. Let's just note, for the comparison, that the modern and new ships of Great Britain and the USA respectively amounted to 22.8 % and 7.7 % of their merchant fleet (Lindbæk 1943:10). Diesel engines fueled a third of the Norwegian sea freight (Skodvin 1990:26).

Effective control over the Norwegian merchant fleet was held by the Norwegian Shipowners Association (Norges Rederforbund – NRF) which, maintaining its influence in all the shipping organizations of Norway, also played an important political role. The particular significance of the position of the association could be seen especially in foreign contacts, when the Norwegian government was repeatedly turning to it for help. For instance, in 1917 NRF had signed, on behalf of the government, a tonnage contract with Great Britain. In 1939 the situation was similar – not wanting to violate the neutrality status the mediation of NRF was recognized as necessary (Ørvik 1953:68).

As regards the Norwegian state authorities, their main task was meeting all the needs which supported the existence of their country. Therefore, Trygve Lie – Minister of Commerce, and from 1 October 1939 Minister of Transport – saw to it that the most essential business transactions were entered into. The Head of the Norwegian Ministry of Foreign Affairs (Utenriksdepartamentet – UD) – Halvdan Koht – in turn, took care of keeping control over the domestic vessels (Koht 1957:74). All the same, one of the overriding goals of Norwegian politicians was undoubtedly the maintenance of the status of Norway's neutrality (the Norwegian government announced neutrality on 1 September 1939), especially since the acting of the Norwegian merchant fleet in favor of either of the warring parties could be interpreted by the belligerents in different ways. The attitude of the principal proponent of the doctrine of neutrality was in this matter unequivocal and exactly the same as in the case of the First World War. According to this view, the realization of neutrality status set the only right way which guaranteed that the most important needs of Norwegians would be met (Koht 1957:73; Thowsen 1985a:52). "The general

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<sup>1</sup> BRT (Brutto Register Tonne) it is a measure of vessel capacity counted in register tonnes. 1 registered tonne = 100 cubic feet = 2,83 m<sup>3</sup>.

policy of relieving tension” (almenn avspenningspolitiken), as H. Koht called it, was to be beneficial to small countries while its actual creators comprised only world powers (Piotrowski 1992:126).

Unfortunately, due to the fact that the Norwegian country was conditioned by the supply from abroad and particularly from Great Britain and from the Third Reich, hanging on to the doctrine of neutrality was feasible only to a certain extent. In 1938 imports from the two superpowers respectively amounted to 193.9 and 121.5 million crowns (Skodvin 1977:140). In spite of the fact that the balance of trade relations with both countries was very similar, Norway had to give preference to Great Britain in terms of making any decisions. This country had sea ports virtually across the globe, through which it was able to stop Norwegian vessels dependent on fuel and maintenance. In addition, it was London, not Berlin, which could without problems reduce to a minimum the Norwegian supply of grain, oil, coal, coke, all kinds of fats or interfere with the Norwegians in the catches of whales in the area of the Antarctic (Skodvin 1977:139-140).

The outlined situation made it possible to include the substantial tonnage of the Norwegian merchant fleet to the service of the Allies and to interfere with the navigating of vessels which operated for the benefit of the enemy (Koht 1957:79). This chance seemed to the vessels more likely because as well as from their learned experience from the First World War the Norwegians also now wanted to use their sea freight in the lucrative maritime transport. Note that the newly-formed British Ministry of Economic Warfare (MEW) (Thowsen 1992:48) was entrusted with solving the problem of co-operation between London and the Norwegian shipowners.

Starting from September 3, the British government strongly demanded the use of the Norwegian tonnage and especially the use of the fleet of tankers. Similarly, demands were submitted by single neutral countries and – what is worth noticing – in the case of using this option the Norwegians would suffer fewer losses (Scharffenberg 1950:28; Koht 1957:79). Ingolf Hysing Olsen (being both the representative of NRF in London and a shipowner from Bergen) was informed of the fact that the situation of Great Britain was stable as long as the cooperation with the fleets of neutral countries, and particularly with that of Norway, went smoothly. However, just after the outbreak of the war, the Norwegian ships (with such important goods as diesel oil, timber and iron ore needed for being at war) refused to dock at British ports. Instead, they preferred to cooperate with neutral ports. The British felt cheated by this and cooperating with the Norwegian ships, especially tankers, became their *idée fixe* (Thowsen 1992:48).

On September 5, pressured by the British, I. Hysing Olsen reached an agreement with the British cell of the Ministry of Economic Warfare – The Neutral Tonnage Policy Committee – on the clarification of the Norwegian

ships in British ports. The most important issue was also raised, which was signing a trade agreement. The British party, touching on the weak point of the Norwegians, at first took care not to damage or even destroy their mutual relations through Britain's taking some measures. During the negotiations the Norwegian diplomat announced that his government would probably like to use its own sea freight, which cast doubt on the signing of any agreement. Possibly – as he said – Norwegian tonnage could function under the flag of the Allies but on condition that it would be managed by the Norwegians. In return, the agreement would take into account the supply of coal, food, etc., beneficial to the Norwegians (Thowsen 1992:50; Nilsen and Thowsen 1990:21).

The loss of London prompted the Foreign Office to commission the British diplomat in Oslo Sir Cecil Dormer on September 5 to establish contact with the Norwegian Minister of Foreign Affairs – H. Koht. The purpose of the planned talks concerned the signing of the agreement on trade and the Norwegian sea freight. At that time the British had been meaning to exert pressure on their interlocutor, thanks to which the agreement so desired by them could be reached as soon as possible. On the other hand, there was awareness that the war would bring more difficulties and delay rather than a fast finalization in the form of signing such an agreement. This aspect found its own reflection in the instructions presented by Sir C. Dormer to H. Koht. Learning about the demands of the English project in terms of taking control over the maritime trade of Norway, H. Koht expressed his great and unpleasant surprise. The British diplomat also familiarized his interlocutor with a proposal of signing a trade agreement which would guarantee supplies needed by the Norwegians but on condition that the contacts between Norway and the Third Reich<sup>2</sup> were limited and strictly monitored. The visit of Sir C. Dormer<sup>3</sup> provoked immediate reactions to the British plan suggesting to Oslo

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<sup>2</sup> A prominent role in London's maritime policy toward Norway was played by the British military authorities. On 4 September the Chief Committee of Staff presented its opinion on the involvement of Norway in the blockade of the Third Reich and at the same time indicated the consequences of taking this action. It also claimed that the allies are able to exert a strong war-time economic pressure on Norway if Her Majesty's government allows fully (Konecki 2003:21).

<sup>3</sup> It is worth noticing that the day before the visit of Sir C. Dormer to Norwegian Prime Minister Johan Nygaardsvold and Minister of Foreign Affairs H. Koht, with a mission similar to the British diplomat, there was a representative of the German government – Ulrich von Hassel. The German made it clear that his country wanted to maintain the existing economic ties with Norway. In addition, the Third Reich agreed to the trade which would question the neutrality of Norway if only the Norwegians agreed to its control on the rules that were applied toward Sweden during the First World War by Great Britain and France. The Norwegians, of course, refused (Thowsen 1992:51).

that London aimed to take full control over the Norwegian trade violating in this way Norwegian neutrality<sup>4</sup> (Thowsen 1992:51; Koht 1957:77).

In spite of that the idea was constantly evolving among Norwegian politicians that signing a trade agreement with London was a necessity. In order to be prepared for such a circumstance both the government of Norway and the Norwegian Shipowners Association were continuously creating the appropriate and lawful conditions. Actions taken by the state authorities of Norway resulted in publishing on 5 September 1939 the *Provisional decree on the regulation of the conditions of charter during the war* (Ørvik 1953:76-77).

The conditions of this document, amounting to 13 paragraphs, were immediately implemented. Thanks to this document the Norwegian Ministry of Trade obtained the right to prohibit the mooring of vessels in the Norwegian Kingdom. This ban could be limited to particular types of ships or individual units. Moreover, this ministry was authorized to break and renew tonnage contracts, prohibit the loading of Norwegian vessels (even when loading had already begun) and make decisions concerning the payment of the maximum rate for the Norwegian ships transporting goods from foreign ports to Norway. Preparation of the project for determining rates was handed over to a committee appointed for this purpose, whose members were chosen by the Ministry of Commerce (in the *Provisorisk anordning om regulering av befraktningsforhold i krigstid* – henceforth PA).

The completed tonnage agreements being inconsistent with the regulations included in the presented decree were considered invalid. Those who broke the law were to be fined up to 100 000 crowns, the penalty of six months in prison or both penalties at the same time. Decisions established by decree could be cancelled by the Ministry of Commerce at the time when he considered it appropriate (PA).

According to Kaare Petersen this decree ensured delivery of all the necessary goods for Norway (Petersen 1955:116). However, equal significance should be attributed to giving to the Norwegian state authorities the possibility of managing the domestic trade fleet and creating the basis for signing a tonnage agreement with London in the future.

Taking the domestic trade fleet under the wings of the state authorities of Norway did not deprive them of the fear of the fleet being taken over by the British (Thowsen 1992:52). According to some shipping activists the above concern confirmed the circulating rumors (Nilsen and Thowsen 1990:22). This fear also resulted from the fact that London did not want a large number of ships sinking on fairways surrounding the British Isles or crossing the Atlantic to deter both sailors and shipowners themselves. Having decided on a thorough examination of the level of the royalties, London wanted to

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<sup>4</sup> The British made similar demands toward Denmark and Sweden; however, also these countries sent on 12 September negative answers to London (Koht 1957:77).

encourage neutral ships to moor in British ports (Thowsen 1985b:13) by considering proposals to increase rates.

Mid September 1939 was the last moment for Oslo to come to a decision about entering into a tonnage contract with the British. It was debated whether to surrender and sign an agreement with London or do as the Danish government did and refuse to accept the British conditions of supply of coal. The Norwegian Shipowners Association and the state authorities wanted to use their greatest national treasure but the agreement concerning the trade fleet could have violated the neutrality so praised by the Norwegians (Thowsen 1992:54; Nilsen and Thowsen 1990:22-23). One should also agree with the attitude of H. Koht, who constantly insisted that such an agreement would be interpreted in various ways by the warring parties (Koht 1957:78).

Despite the encountered difficulties on 21 September 1939 the Ministry of Foreign Affairs of Norway demanded that the Norwegian Shipowners' Association appoint members to participate in a specially created committee. This was to be established with a view to appointing representatives who would sign a tonnage contract in London. It was also pointed out that it could not violate the neutral status of Norway (Thowsen 1992:54; Nilsen and Thowsen 1990:23; Egeland 1968:44) to which the very next day the United Kingdom committed to obey, on condition that it was not violated by the Third Reich (Scharffenberg 1950:25). The government order was not any surprise to members of the Norwegian Shipowners' Association who knew about the ongoing preparations for the appointing of a delegation (Ørvik 1953:87).

The Norwegian Shipowners Association soon chose its representatives with I. Hysing Olsen and shipowner Frank Odfjell as members of that association and Andreas Urby as chairman of the delegation. All three diplomats went to the capital of England on 25 September and the instructions that they were given should be identified as preliminary (Thowsen 1992:54; Nilsen and Thowsen 1990:23; Egeland 1968:44; Koht 1957:82-83).

At the beginning of October 1939 it became clear that establishing an agreement would be delayed. The cause of failure of the negotiations was rooted to some extent in the fact that the mission of A. Urby did not have the sufficient power of attorney, which did not suit the British side. Moreover, the British government instructed its negotiators to take a rigid stand against the Norwegians in the issue concerning the tonnage of tankers and to avoid any blackmail. The overall situation of the talks worsened the attitude of those British who did not want to hear about the trade agreement if an agreement on maritime freight was not signed. Although the Norwegian delegation did not achieve significant results, the conducted negotiations brought some clearer insight into each other's expectations. The Norwegians wanted the supply of bunker coal which would satisfy both ship owners and crew as well as a guarantee of payment for the tonnage which could be paid in appropriate

proportions. In addition, there were demands to fulfill their other supply needs and maintain the same contacts with Germans when it came to shipping as it was before the war. However, the British wanted the Norwegian government or the Norwegian Shipowners Association (on behalf of the Norwegian shipowners) to enter into a binding charter contract, the pricing rules of which would depend on the market. However, the Norwegian Shipowners Association did not have any power of attorney by which it could compel its members to hire ships and the Norwegian government was not prepared at that time to persuade the ship owners to accept such a charter agreement. In the conducted negotiations the Norwegians stressed that sailing their ships to the United Kingdom had not been banned and F. Odfjell said that none of the shipowners refused to sail to the British Isles. The decisive factors in these negotiations turned out to be those which related to the rates and conditions of the signing of the contract. The Norwegians, because of a better price offer than that of the British, were discouraged from continuing further dialogue (Thowsen 1992:54-55).

Following the failure of talks with the British, which ended shortly after London had presented their demands as an ultimatum (Egeland 1968:44), one of the representatives of the Norwegian Shipowners Association was asked to consult the Prime Minister Johan Nygaardsvold, the Minister for Foreign Affairs H. Koht and T. Lie. The key point of the talks concerned the analysis of the list of requirements brought by the delegation of A. Urby. According to this, the British demanded the tonnage of fleet which Norway did not need for its own use and they also demanded the provision of 150 large tankers, which constituted nearly two thirds of Norwegian vessels of this type (Egeland 1968:44; Thowsen 1992:55-56; Nilsen and Thowsen 1990:23). In addition, London was not willing to pay the rates higher than 8 shillings per ton (Egeland 1968:44).

On 3 October the Norwegian Ministry of Foreign Affairs was informed by telegraph about the aforementioned demands of London. On the same day a representative of shipowners came up with a statement summoning a conference in order to study carefully the received report (Egeland 1968:45; Ørvik 1953:99). As regards the forthcoming negotiations between the government and the Norwegian Shipowners Association, the Norwegian authorities also now saw to it that future decisions would not hinder the policy of neutrality. What is more, J. Nygaardsvold made it clear that entering into any contract with Britain would adversely affect relations with the Third Reich, which would not respect the current status of Norway. As far as the British were concerned, they were almost certain that signing of the contract so desired by them was just a matter of time (Thowsen 1992:56; Nilsen and Thowsen 1990:23).

The most important meeting between the Norwegian government and the shipowners took place on 11 October 1939. The first demands were put forward by the Central Committee of the Norwegian Shipowners Association, which stressed that the interests of the trade fleet were the best-known to members of that association. As a result, they should be given full freedom when it came to controlling (Ørvik 1953:104-105) that fleet, though without binding through collective agreements concerning sea freight. However, such a solution meant a shortage of so many supplies needed for Norway (Thowsen 1992:45; Egeland 1968:45). The Norwegian Shipowners Association, realizing that the problem was serious and, what should be noticed, not knowing the magnitude of the exerted pressure by the British on the Norwegian authorities, finally agreed to help its government in reaching agreement with London (Scharffenberg 1950:29).

The determination of the Norwegian Shipowners Association was met with great optimism by the British party, especially that in accordance with London's opinion the Norwegian shipowners intended to negotiate without any preparation. A few days before the forthcoming negotiations it was the British who thought of the future strategy of the talks. Lord Glenconner, a member of MEW, wanted to maintain a rigid position against the Norwegian state authorities. He referred to decisions which were reached on 3 October 1939 by the War Cabinet. These decisions concerned the necessity to use pressure against the Norwegian government in order to rent vessels under the conditions which would most satisfy London. The Head of the Scandinavian Department in the British Ministry of Economic Warfare – Charles Hambro, having large experience in contacts with the Norwegian shipowners – indicated that there should be negotiations with groups associated with sea freight rather than with the government. That is why he ordered the negotiators to wait without taking any drastic measures until the Norwegians took a more decisive stance (Thowsen 1992:56).

The negotiations with the British began in London on 24 October 1939<sup>5</sup>. The Scandinavians were represented by a delegation headed by Thomas Fearnley and I. Hysing Olsen; Leif Høegh and Klaus Wiese-Hansen were also present. John Oskar Egeland was appointed as secretary of this delegation. Great Britain had its representatives in the newly formed Ministry of Shipping (MS) and MEW (Thowsen 1992:56-57; Egeland 1968:46). The British party was led by Sir Cyril Hurcomb (Høegh 1970:26).

The delegation came with tough demands approved by the Norwegian government. The Norwegian Shipowners Association treated talks held by itself as a kind of its own economic policy aiming primarily to unite the Norwegian shipowners for the duration of the war (Høegh 1970:26).

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<sup>5</sup> Atle Thowsen gives the date of 25 October 1939 (Thowsen, 1985b:17).



There was a further breakdown in the negotiations. Among the Norwegians two groups emerged. One of them was to watch over the matter of tankers – here L. Høegh and Odd Gogstad played the key roles – whereas the other group was to watch over tramps and cruise liners. The latter was led by K. Wiese-Hansen and I. Hysing Olsen. T. Fearnley decided not to participate officially in the talks (Egeland 1968:49).

Negotiations in London lasted over three weeks but the conditions which were to be in force in the future were known earlier when negotiators had drawn up the *Memorandum of the Norwegian-British contract of tonnage agreement on 11 November 1939*. The demands of this document will be presented later on but now let's focus on the atmosphere in which the agreement was reached.

The whole negotiations ended when the issue of war insurance was in question. The British, wanting to rent the ships, refused to cover the expenses for war insurance for that part of sea freight which would not be covered by a trade contract. This decision was explained by the fact that the Norwegian war insurance for the trade fleet was higher than those which could be obtained on the open market. This situation aroused extreme reactions among the Norwegian shipowners. Among the British prevailed embarrassment by the financial premiums under the war insurance which were to be paid for vessels sailing along the English Channel (very important during the war). For these reasons, in the draft to the tonnage contract Great Britain proposed its own decree thanks to which it could receive the right to control part of the fleet under the tonnage contract, to which the Norwegians eventually agreed. It was also decided that the premiums on war reparations for the fleet serving in the English Channel (Thowsen 1992:57) should be lowered.

As far as the war is concerned, the Norwegians offered rates twice as high as those intended to be paid by the Allies (16 shillings per ton paid every month). Such an attitude of the Scandinavians may be surprising since in the instructions for the delegation of T. Fearnley there were charges at the rate of 12 shillings. Apart from this, it was predicted that thanks to the coming realization of trade contracts, the losses caused by the difference between the offered rates would be compensated within six months (Egeland 1968:49-50).

Likewise, negotiations on the tramp and cruise liner fleet met with resistance. The situation on the market was not conducive to vessels carrying dry goods in conditions where the charter offer still outweighed the demand. Initially, the Norwegians also demanded for the present freight rates amounting to 16 shillings. However, the British party categorically refused, pointing to the market price which amounted to 12 shillings (Egeland 1968:50).

Finally, under a rule of the reached agreement the Norwegian Shipowners Association made it available to the Allies to rent 150 tankers (equivalent to

1 500 000 DWT<sup>6</sup>) including the tankers borrowed temporarily by the British. These ships were to be delivered as quickly as possible just after the term of expiry of their orders or becoming exempt from operating orders. Keeping in mind the supply of units by the Norwegian representatives, about 200 000 DWT were made available to 31 December 1939, whereas the remaining 250 000 DWT from 1 January to 29 February 1940. Moreover, oil tankers were to be accommodated to transport large quantities of petroleum (in the *Memorandum of Arrangement between the United Kingdom Ministry of Shipping and the Norwegian Shipowners' Association* – henceforth MA).

As far as possible – under a rule of this agreement – when chartering the Norwegian tankers, they were to be hired outside the waters particularly exposed to military operations (excluding the East Coast ports of the United Kingdom and ports of the English Channel to the east of Southampton and the French ports to the east of Le Havre). The scope of that exclusion was to be revised within six months (MA).

In addition, the Ministry of Maritime Transport, on behalf of Her Majesty's government in the United Kingdom, decided not to apply any restrictions or dictations to the Norwegian ships. The British units would be obliged to obey these restrictions, taking into account the terms of tanking, dry docking, acquisition of equipment and supply, sending new spare parts in the ports of the United Kingdom or British colonies, protectorates, territorial mandates or state protectorates. Care was taken to ensure that the Norwegian shipowners received the same contracts as the British shipowners, taking into account the charges. Finally, it was promised that the Norwegian flag would be protected against any discrimination and the Norwegian vessels would be used for trade within the British Empire (MA).

The British representatives insisted that the Norwegian Shipowners Association gave to the Allies that part of the Norwegian tramps the temporary charters of which would expire in the future. The Norwegians agreed to this request but at the same time they announced that as long as this tonnage was not fully exploited for the purposes of Norway, they would not reveal the complete number of possessed tramps (MA).

Representatives of the Norwegian Shipowners Association also stated that the subsequent ships leaving the charter of 200 000 DWT would be made available – by force of this agreement – for the United States to 31 March 1940. They highlighted the fact that this number could be increased. Delivery of the complete estimates was promised within two weeks (MA).

For units powered by diesel engines of more than 10 000 BRT there were rates amounting to 16 shillings per ton paid each month. However, for tankers

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<sup>6</sup> DWT (Dead Weight Tonne) – dead-weight tonnage measured as the difference between the displacement (weight) of the loaded vessel and the displacement of the empty vessel. 1 DWT = 1 metric ton = 2240 pounds = approximately 1016 kg.

of the same displacement these rates were from 16/2 to 17/6 shillings. Steamboats had to content themselves with royalties which were operative in the ordinary trade contracts. For these types of units of more than 10 000 BRT royalties equaled 14/6 shillings. Tankers of less than 10 000 BRT received rates ranging from 14/8 to 16 shillings. There were highly diversified conditions of charges when it came to tramps (the provision of 450 000 DWT was promised). For those tramps with a displacement of 10 000 BRT they amounted to 12/6 shillings, whereas for vessels of 1 500 BRT 24 shillings (MA).

Charter was based on the rate of 17 crowns 60 øre for one pound. If the value of the crown were to fall in relation to the British currency, a new conversion was to be applied. The shipowners, who hired ships to the British, took upon themselves the payment of the premiums associated with the war risk. Any allowances connected with this, compensation in the event of death or disability could even reach an amount of 10 000 crowns. Despite the relatively high rates for charter the Norwegians were disappointed with the attitude of the British who failed to fulfill their promise of replacing the sunken ships with identical ones. The Norwegian shipowners received only assurance that the new vessels would be built in British shipyards in the number which corresponded to the number of losses (MA).

The Agreement of 11 November 1939, also known as the Scheme Agreement (Thowsen 1992:59) or Schemeavtalen (Askelund 1964:1), was the basis for further agreements of this type between Nortraship<sup>7</sup> and the British and U.S. authorities (Petersen, 1955:126). It was decided that this agreement would be valid for the duration of war. Note that every six months both parties called for the revision of the agreed provisions (Thowsen 1992:59).

From an economic point of view the Norwegian-British tonnage agreement of 11 November 1939 favored the shipowners. However, due to increased shipping rates the financial income resulting from the reached agreement was decreased; as a result the Norwegians complained that they subsidized the 'British war' (Thowsen 1985a:53-54). The Norwegian marine environment experienced benefits as a result of the liabilities of the British. London promised not to create a 'blacklist' of ships serving the Third Reich and not to reduce or interfere with the import of material needed for Norway from Germany. Trade between the Third Reich and Norway was guaranteed and was to be held on the outgoing conditions (Skodvin 1977:141). The biggest advantage coming from the signed agreement did not result from a purely economic matter but from the continuity of delivering necessary goods for Norway (Høegh 1970:29).

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<sup>7</sup> Nortraship (Norwegian Shipping and Trade Mission) – it was the largest shipping organization during the Second World War founded in April 1940 by the Norwegian activists Erik Colban and I. Hysing Olsen.

Among the neutral countries with a large trade fleet it was Norway which handed over the biggest tonnage of sea freight to the Allies. The United States agreed to sell materials to the allies but refused to transport them on their own ships. The Netherlands – having tonnage of 3 000 000 BRT – did not sign a tonnage agreement with the British, so the Allies benefited from the present fleet after 10 May 1940. Denmark (1 100 000 BRT) feared repression from the Third Reich, which is why it initially adopted the same attitude as the Netherlands. Only the threats of suspension of Danish export of agricultural products to Great Britain forced Copenhagen to reach a tonnage agreement with London. However, this agreement did not play an important role because it was signed on 2 April 1940 – one week before German aggression on Denmark (Thowsen 1992:88-93).

Greece, having a tonnage of 1 700 000 BRT of which 80% was more than 20 years old, signed an agreement with the British in February 1940. Apart from Norway only Sweden provided a larger and more modern tonnage ranging from 260 000 to 330 000BRT to the Allies (Thowsen 1992:93).

Considering the issue of the Norwegian-British tonnage contract of 11 November 1939 it should be stated, as Leif Høegh mentioned, that the delegation of T. Fearnley had been appointed not by the Norwegian Shipowners Association but by the Norwegian government (Høegh 1970:26). That is why, after this agreement was reached, the matter of the neutrality of Norway raised numerous objections, particularly in Berlin. A few months later the Third Reich accused Oslo of breaking with the self-proclaimed status of neutrality. H. Koht, defending his homeland, pointed out that it was the representatives of the ownership associations who assigned the contract and not the Norwegian authorities (also in the documentation of the Norwegian research Commission we will find the information that it was the Norwegian Shipowners Association that came into close contacts with authorities abroad) (Bergsgård 1947:191). Besides, as he said, details were kept in secret but the main provisions were announced immediately after the signing of the treaty. In addition, the Norwegian Minister of Foreign Affairs answered any questions raised by a German diplomat in Oslo as regards this agreement. What is more, from the beginning of January 1940 the indiscreet French published in one of the maritime newspapers the details of the November contract. The strongest argument denying German accusations is the fact that no law of neutrality imposed the prohibition of hiring ships between the warring parties (Koht 1941:27, 29).

In fact, no law of neutrality says that a neutral country is obliged to be impartial towards the warring parties. The Hague Convention of 18 October 1907 included provisions regarding neutrality which applied during the First and Second World War. These provisions also assume that martial law cannot in any way affect the earnings of citizens of neutral countries. If such people

do not act on behalf of the government of their country, neutrality law is not thereby violated (Makowski 1918:220). However, people who act in favor of one of the belligerents, in this case the Norwegian shipowners entering into a contract with the representatives of the British government, could not benefit from the privileges of neutrality (Winiarski 1938:114). It follows from this that the warfare of Kriegsmarine against the Norwegian trade fleet after 11 October 1939 was justified by the Hague Convention. However, the Norwegian authorities used a loophole in international acts thereby maintaining the status of neutrality.

Apart from measurable financial benefits the considered tonnage contract constituted an important element of the foreign policy of Oslo. Among the Norwegian state authorities as well as activists associated with the trade fleet of Norway this arrangement created a strong belief in the similarity of the ongoing conflict when compared with the First World War. Norway had once again maintained its independence thanks to the policy of disengagement and any tonnage losses were to be met with high royalties obtained from the sea freight business. The Norwegian-British agreement highlighted a very important aspect – it turned out that in foreign policy, as it was during the previous world conflict, Norway strongly preferred contacts with London than, for example, with Berlin.

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